

**Board of Governors of the Federal Reserve System**

**REPORT ON THE  
AUDIT OF THE BOARD'S  
INTERFED ADMINISTRATION**



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**OFFICE OF INSPECTOR GENERAL**

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BOARD OF GOVERNORS  
OF THE  
**FEDERAL RESERVE SYSTEM**  
WASHINGTON, D. C. 20551

OFFICE OF INSPECTOR GENERAL

June 1996

Mr. Stephen R. Malphrus  
Director, Information Resources Management

This letter report represents the results of our *Audit of the Board's InterFed Administration* (A9607). We performed this audit in conjunction with InterFed audits being conducted by all twelve Reserve Bank General Auditors at the request of the Federal Reserve Bank of San Francisco's General Auditor who is the Audit Liaison Director (ALD) for the System's Support Function Product Office. The overall audit objectives are to verify that the Board's InterFed connections are secure against unauthorized access and are configured and secured in compliance with Federal Reserve System requirements.

As you know, InterFed is a wide area network that provides inter-District local area network (LAN) connections for the Federal Reserve System and allows LAN systems to communicate with each other, something they have not been able to do in the past. The risks in these systems come from permitting connections to external, non-Federal Reserve networks. InterFed is supported by a gateway at each InterFed site between the InterFed and the local network. The gateway is made up of an InterFed router, a local administration (or District) router, and an InterFed LAN segment (ILS) connecting the two. Appendixes 1 and 2 of this report present a model of the Federal Reserve System's and Board's InterFed architectures.

Each local router, maintained by the individual Districts, the Board, and Federal Reserve Automation Services (FRAS), acts as a screening gateway or "firewall" between the local LAN and InterFed. Other security features include a continuing security awareness training program, virus screening of downloaded files, policies on remote user access, and physical security. Without such preventive capabilities at the local level, a security exposure in one local LAN could pose security risks to other System LANs.

As indicated above, we were requested by the ALD to verify that InterFed connections are secure against unauthorized access at the Board level and to verify that the Board's InterFed connections are configured and secured in compliance with System requirements. The audit did not include a review of the logical security of the national InterFed router. To meet the objectives, we completed all tasks of the audit program provided by the ALD applicable to the Board. Our fieldwork included reviewing the Board's policies and procedures, conducting interviews with appropriate Division of Information Resources Management (IRM) staff, reviewing technical documentation, and examining logs and files from the Board's InterFed router. We also spoke with audit staff at the Reserve Banks of

San Francisco, Boston, and St. Louis to discuss portions of their audits already under way.

No security exceptions were noted during our review of the Board's InterFed router, and we believe that the Board's configuration for InterFed is in compliance with System requirements. We found that policies and procedures have been established regarding user remote access, Internet access, and virus screening of downloaded files. We also noted that physical security is adequate and that IRM has configured the Board's InterFed router to provide for logging of all activities; additionally, supervisor access to the router is restricted to members of IRM's LAN team. The Board also provides ongoing security awareness training to all Board staff.

Copies of this report are being provided to the Administrative Governor, the Staff Director, and the ALD. We appreciate the cooperation and assistance provided by your staff to us during the performance of this audit. If you have questions regarding this audit or other issues, please feel free to call me at extension 5003.

Sincerely,

Barry R. Snyder  
Assistant Inspector General for Audit

## Appendix 1 - System's InterFed Architecture

